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June 24, 2002

To: County and District Chief Business Officials
Charter School Administrators

From: Janet Sterling, Director
School Fiscal Services Division

Subject: **Lottery Revenue Projections**

The following lottery revenue projections are offered for your information as you prepare year-end statements and update your budgets.

2001-02

Total lottery sales for 2001-02 are projected to reach \$2.9 billion, which would generate approximately \$1.060 billion for education, an increase of \$46 million for education over the Lottery Commission's original projections at the beginning of the fiscal year. Based on this information, we are increasing our earlier estimates of lottery revenues per ADA for the 2001-02 fiscal year to \$119.66 per ADA for unrestricted lottery revenues and \$15.37 per ADA for Proposition 20 revenues. The total amount apportioned through the third quarter is \$106.05 per ADA for unrestricted lottery revenues and \$1.23 per ADA for Proposition 20 revenues. We recommend that LEAs accrue fourth quarter revenues at \$13.61 per ADA for the unrestricted lottery apportionment and \$14.14 per ADA for the Proposition 20 apportionment.

Please note that many LEAs owe amounts back to the State for prior year Proposition 20 ADA adjustments. The amounts owed are identified as an "Accounts Receivable Balance" on the State Controller's Office (SCO) Master Register. If your agency has a Proposition 20 amount due, this amount will be offset against your fourth quarter Proposition 20 apportionment and should be taken into consideration when booking your fourth quarter revenue accrual. LEAs can determine whether they have an Accounts Receivable balance by checking the third quarter SCO Master Register. If your agency does not receive a hard copy of the Master Register, you can view it on the SCO's web site at www.sco.ca.gov/ard/payments/lottery. Amounts due are listed under the Accounts Receivable Balance column and are broken down by Non Prop-20 and Prop-20.

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2002-03

The Lottery Commission is projecting sales for 2002-03 of \$2.8 billion, which would provide education with an estimated \$1.007 billion for that year. This level of sales would provide approximately \$114 per ADA for unrestricted lottery revenues and \$11 per ADA for Proposition 20 revenues for the 2002-03 fiscal year. As a reminder, lottery sales can be extremely volatile. LEAs may wish to budget conservatively.

We will continue to monitor lottery projections and will advise you of any changes. If you have any questions or if we can be of further assistance, please contact Janet Finley at (916) 323-5091 or by e-mail (jfinley@cde.ca.gov) or Scott Hannan at (916) 327-0538 or by e-mail (shannan@cde.ca.gov).

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